



United We Fall

an industry op-ed by Steve Wright

the final nail in the L.A. VFX coffin

As all of us in the visual effects industry know, there has been a steady decline in the visual effects work in the Los Angeles area over the last decade. We are losing work to offshore facilities at an alarming rate. There are three well-known basic causes for this. First, cheaper labor, second, aggressive foreign tax incentives, and third, punitive taxes and filming fees here in the state of California. And yet, to this dismal array of crushing obstacles to our industry, there is talk about adding a fourth obstacle that will surely be the final nail in the coffin of L.A. visual effects - unionizing.

Production companies are taking their work offshore because of the high cost of doing business here in Los Angeles. We have the best artists in the world here, but also the most expensive. With VFX consuming perhaps 20% to 40% of a multi-million dollar film budget the savings can be huge by going offshore. The globalization of business and the pervasiveness of the internet have made it eminently practical to work with a studio on the other side of the planet. The cineSync media player is designed specifically for "remote collaboration" anywhere in the world.

Perversely, we are losing VFX jobs during a time of increasing demand for VFX. Over 1000 jobs in the L.A. area have disappeared in the last decade and half a dozen VFX houses have closed their doors in the last three years alone. We are still mourning the recent demise of two beloved VFX studios, Asylum and CafeFX, both going out of business at the close of 2010. To a man they will tell you that they can no longer compete against the offshore prices.

When a big shop like Digital Domain or ILM had overflow work they used to throw a lifeline to the smaller studios that could pick up the slack. Not only was this a key source of income for them but a chance to work on some very cool projects. Not anymore. Both of these studios have opened up facilities in Vancouver or Singapore to take advantage of tax incentives or cheaper labor. So now they send their overflow work to their own private offshore facility. The other studios are following suit. It's that or lose the business.

The inverse is also happening. Large, capable offshore visual effects companies like Tata, Reliance, and Prime Focus are opening domestic offices in L.A. in order to draw Hollywood production work to their offshore facilities. In the halcyon days of cel animation we outsourced our animation to Japan. Now, they outsource it to China. And of course, soon the last vestiges of cel animation will be made obsolete by an all cgi animation industry. Change and evolution towards more efficient production methods is the natural order of the universe.

A decade ago only the big houses could afford to write the exotic software required to execute sophisticated effects. Not any more. Commercial packages are getting progressively more capable, thus reducing the gap between what you can buy vs. what you must build. It used to be that if you wanted 50,000 Orks stampeding across the screen you had to write very sophisticated "crowd behavior" software. Now you can just buy Massive for \$18,000, a tiny fraction of what cost to write, and requiring no talent. You still need talented animators to make it look good, of course.



Add the prospect of unionizing the Los Angeles digital artists to the cheap labor, tax incentives, and capable software and artists in offshore facilities, and you have the recipe for industrial suicide. Unions have never lowered the cost of production of anything. In fact, their sole reason for existence is to get the union members higher pay and more benefits, which obviously raises the cost of doing business. Their other reason for their existence, of course, is to collect union dues.

In addition to the job-killing effects of higher production costs, we can add the efficiency-crushing effect of union rules. Sorry boss, I'm a compositor, not a lighter. You are going to have to call the CGI guy to come in this weekend to re-render that reflection pass. You can't tell me to use Photoshop! That's the digital photographer's union. Need to work Sunday? That's golden time (triple pay!). Roto? I can't roto my own holdout mask. That's the Rotoscoper's Local 44.

So, unionizing the visual effects industry will have two very bad effects - increasing production costs and lowering productivity of the entire production pipeline. But the employees will have better pay and benefits - except that they won't have any jobs.

Steve Wright